

Direct and local Meat Marketing Project

Attachment #12

Value Chain Analysis

Traditional Beef cattle

	wt.	price	value	margin
Cow - Calf	400	\$1.00	\$400.00	
				\$160.00
Backgrounding	700	\$0.80	\$560.00	
				\$188.00
Finishing	1100	\$0.68	\$748.00	
				\$70.40
processing	682	\$1.13	\$770.66	
	682	\$0.07	\$47.74	
			\$818.40	
				\$403.74
Retail	477.4	\$2.56	\$1,222.14	

This is meant to depict the traditional beef marketing system and will act as a baseline for the local meat systems that follow.

Traditional Beef cattle w/ KY Finishing

	wt.	price	value	margin
Cow - Calf	400	\$1.00	\$400.00	
				\$160.00
Backgrounding	700	\$0.80	\$560.00	
				\$232.00
Finishing	1100	\$0.72	\$792.00	
				\$74.14
processing	682	\$1.20	\$818.40	
	682	\$0.07	\$47.74	
			\$866.14	
				\$356.00
Retail	477.4	\$2.56	\$1,222.14	

This system assumes that we are finishing cattle in Kentucky and marketing slaughter steers through the traditional marketing system. The increase of \$40 per head needed to finish cattle is based on production records collected through the project.

Direct Beef - Consumer Pays Processing

	wt.	price	value	margin
Cow - Calf	400	\$1.00	\$400.00	
				\$160.00
Backgrounding	700	\$0.80	\$560.00	
				\$232.00
Finishing	1100	\$0.72	\$792.00	

This system assumes that cattle are fed in Kentucky and the finished animals are sold directly to a consumer on a live weight basis. The consumer is responsible for processing charges.

Direct Beef - Producer Pays Processing

	wt.	price	value	margin
Cow - Calf	400	\$1.00	\$400.00	
				\$160.00
Backgrounding	700	\$0.80	\$560.00	
				\$259.50
Finishing	1100	\$0.90	\$990.00	
(processing)	682	(\$0.25)	(\$170.50)	
			\$819.50	

This system assumes that animals are finished in Kentucky and sold directly to a consumer on a live weight basis. However, the producer must now cover processing charges at a Kentucky processing plant.

Local selling on rail

	wt.	price	value	margin
Cow - Calf	400	\$1.00	\$400.00	
				\$160.00
Backgrounding	700	\$0.80	\$560.00	
				\$232.00
Finishing	1100	\$0.72	\$792.00	
				\$94.60
(processing)		(\$40.00)	(\$40.00)	
Carcass	682	\$1.30	\$886.60	

This system assumes that the animals are finished and slaughtered in a Kentucky processing plant. The producer then sells the carcass to a retail store to be further processed.